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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 0475
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 3536
RUEHBJ/AMEMBASSY BEIJING 1354
RUEHKO/AMEMBASSY TOKYO 1221
RUEHIT/AMCONSUL ISTANBUL 1790
RHMFIUU/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RHEHNSC/NSC WASHDC
RUEHVEN/USMISSION USOSCE 2341

UNCLAS ASHGABAT 000367

SIPDIS

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SENSITIVE

STATE FOR SCA/CEN, EEB

E.O. 12958: N/A

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SUBJECT: TURKMENISTAN: ITALIAN ENVOY ADMITS ENI IN HOT
WATER OVER BURREN DEAL

[1](#)1. (U) Sensitive but unclassified. Not for public Internet.

[1](#)2. (SBU) Italian MFA Coordinator and Special Envoy for Central Asia Paolo Serpi met March 20 with the Charge to discuss Serpi's most recent visit. He said he had come to Ashgabat to sign an agreement on cooperation between the two foreign ministries. He said he normally deals directly with Deputy FM Hajiyevev, who last visited Rome in September 2007, but has also met with officials from the Central Bank and the Ministry of Economy.

ENI AND BURREN

[1](#)3. (SBU) Serpi said Italian companies are trying to enter Turkmenistan's market within the framework of the EU strategy for Central Asia. ENI, not satisfied with its attempts to break into the market, bought Burren which was already here. Serpi confirmed that the Turkmenistan government was angry that Burren sold itself to ENI. The result has been that no ENI officials have received visas to Turkmenistan since the sale. Consequently, employees of the former Burren have had to continue to run the company. Serpi said that on this visit he has tried to "smooth things over" with Turkmenistan officials. ENI is an Italian state enterprise, so the Italian government feels some responsibility. However, Serpi said, he did what he could to soothe Turkmenistan government's ruffled feathers. Now, it would be up to ENI to do the rest.

[1](#)4. (SBU) COMMENT: It can be difficult to do business in Turkmenistan for foreign companies. It takes a long time to build a relationship, and it can be easy to be frozen out if you run afoul of a particular official or the government's plans. In Burren/ENI's case, the problem is especially serious, since the government believes Burren has sought to profit at the government's expense. It may take some time for ENI officials to do the necessary repair work and to convince Turkmenistan's hydrocarbon officials that they are

here for the long haul. END COMMENT.
HOAGLAND